

1 WILLIAM L. ANTHONY (State Bar No. 106908)
ERIC L. WESENBERG (State Bar No. 139696)
2 MARK R. WEINSTEIN (State Bar No. 193043)
ORRICK, HERRINGTON & SUTCLIFFE, LLP
3 1000 Marsh Road
Menlo Park, CA 94025
4 Telephone: (650) 614-7400
Facsimile: (650) 614-7401
5

6 STEVEN ALEXANDER (admitted *Pro Hac Vice*)
KRISTIN L. CLEVELAND (admitted *Pro Hac Vice*)
7 JAMES E. GERINGER (admitted *Pro Hac Vice*)
JOHN D. VANDENBERG
KLARQUIST SPARKMAN, LLP
8 One World Trade Center, Suite 1600
121 S.W. Salmon Street
9 Portland, OR 97204
Telephone: (503) 226-7391
10 Facsimile: (503) 228-9446

11 Attorneys for Defendant and Counterclaimant,
12 MICROSOFT CORPORATION

13 UNITED STATES DISTRICT COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 OAKLAND DIVISION

16 INTERTRUST TECHNOLOGIES
CORPORATION, a Delaware corporation,
17 Plaintiff,

18 v.

19 MICROSOFT CORPORATION, a
Washington corporation,
20 Defendant.

21 MICROSOFT CORPORATION, a
Washington corporation,
22 Counterclaimant,

23 v.

24 INTERTRUST TECHNOLOGIES
CORPORATION, a Delaware corporation,
25 Counter Claim-Defendant.
26

CASE NO. C01-1640 SBA

**MICROSOFT CORPORATION'S
AMENDED ANSWER AND
COUNTERCLAIMS TO
INTERTRUST'S THIRD AMENDED
COMPLAINT**

1 Defendant Microsoft Corporation ("Microsoft") answers the Third Amended
2 Complaint of InterTrust Technologies Corporation ("InterTrust") as follows:

3 1. Microsoft admits that the Third Amended Complaint purports to state a
4 cause of action under the patent laws of the United States, 35 United States Code, §§ 271 and
5 281. Microsoft denies that it has infringed or now infringes the patents asserted against Microsoft
6 in the Third Amended Complaint. Microsoft denies any and all remaining allegations of
7 paragraph 1 of the Third Amended Complaint.

8 2. Microsoft admits that the Third Amended Complaint purports to state a
9 cause of action over which this Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and
10 1338(a).

11 3. Microsoft admits, for purposes of this action only, that venue is proper in
12 this judicial district. Microsoft denies any and all remaining allegations of paragraph 3 of the
13 Third Amended Complaint.

14 4. On information and belief, Microsoft admits the allegations of paragraph 4
15 of the Third Amended Complaint.

16 5. Microsoft admits the allegations of paragraph 5 of the Third Amended
17 Complaint.

18 6. Microsoft admits, for purposes of this action only, that it transacts business
19 in this judicial district. Microsoft denies any and all remaining allegations of paragraph 6 of the
20 Third Amended Complaint.

21 7. Microsoft admits that on its face the title page of U.S. Patent No. 6,185,683
22 B1 ("the '683 Patent") states that it was issued February 6, 2001, is entitled "Trusted and secure
23 techniques, systems and methods for item delivery and execution," and lists "InterTrust
24 Technologies Corp." as the assignee. Microsoft denies that the '683 Patent was duly and lawfully
25 issued. Microsoft further denies any and all remaining allegations of paragraph 7 of the Third
26 Amended Complaint.

1 8. Microsoft admits that on its face the title page of U.S. Patent No. 6,253,193
2 B1 ("the '193 Patent") states that it was issued June 26, 2001, is entitled "Systems and methods
3 for the secure transaction management and electronic rights protection," and lists "InterTrust
4 Technologies Corporation" as the assignee. Microsoft denies that the '193 Patent was duly and
5 lawfully issued. Microsoft further denies any and all remaining allegations of paragraph 8 of the
6 Third Amended Complaint.

7 9. Microsoft admits that on its face the title page of U.S. Patent No. 5,940,504
8 ("the '504 Patent") states that it was issued August 17, 1999, and is entitled "Licensing
9 management system and method in which datagrams including an address of a licensee and
10 indicative of use of a licensed product are sent from the licensee's site." Microsoft denies that the
11 '504 Patent was duly and lawfully issued. Microsoft lacks sufficient information to admit or deny
12 any and all remaining allegations of paragraph 9 of the Third Amended Complaint.

13 10. Microsoft admits that on its face the title page of U.S. Patent No. 5,920,861
14 ("the '861 Patent") states that it was issued July 6, 1999, is entitled "Techniques for defining
15 using and manipulating rights management data structures," and lists "InterTrust Technologies
16 Corp." as the assignee. Microsoft denies that the '861 Patent was duly and lawfully issued.
17 Microsoft further denies any and all remaining allegations of paragraph 10 of the Third Amended
18 Complaint.

19 11. Microsoft admits that on its face the title page of U.S. Patent No. 5,892,900
20 ("the '900 Patent") states that it was issued April 6, 1999, is entitled "Systems and methods for
21 secure transaction management and electronic rights protection," and lists "InterTrust
22 Technologies Corp." as the assignee. Microsoft denies that the '900 Patent was duly and lawfully
23 issued. Microsoft further denies any and all remaining allegations of paragraph 11 of the Third
24 Amended Complaint.

25 12. Microsoft admits that on its face the title page of U.S. Patent No. 5,982,891
26 ("the '891 Patent") states that it was issued November 9, 1999, is entitled "Systems and methods
27 for secure transaction management and electronic rights protection," and lists "InterTrust
28 Technologies Corp." as the assignee. Microsoft denies that the '891 Patent was duly and lawfully

DOCSSV1:160096.1

1 issued. Microsoft further denies any and all remaining allegations of paragraph 12 of the Third
2 Amended Complaint.

3 13. Microsoft admits that on its face the title page of U.S. Patent No. 5,917,912
4 ("the '912 Patent") states that it was issued June 29, 1999, is entitled "System and methods for
5 secure transaction management and electronic rights protection," and lists "InterTrust
6 Technologies Corp." as the assignee. Microsoft denies that the '912 Patent was duly and lawfully
7 issued. Microsoft further denies any and all remaining allegations of paragraph 13 of the Third
8 Amended Complaint.

9 14. Microsoft repeats and reasserts its responses to paragraphs 1-7 of the Third
10 Amended Complaint, as if fully restated herein.

11 15. Microsoft admits that the Third Amended Complaint purports to state a
12 cause of action under 35 U.S.C. §§ 271 and 281. Microsoft denies that it has infringed or now
13 infringes the patents asserted against Microsoft in the Third Amended Complaint. Microsoft
14 denies any and all remaining allegations of paragraph 15 of the Third Amended Complaint.

15 16. Microsoft denies any and all allegations of paragraph 16 of the Third
16 Amended Complaint.

17 17. Microsoft denies any and all allegations of paragraph 17 of the Third
18 Amended Complaint.

19 18. Microsoft denies any and all allegations of paragraph 18 of the Third
20 Amended Complaint.

21 19. Microsoft denies any and all allegations of paragraph 19 of the Third
22 Amended Complaint.

23 20. Microsoft denies any and all allegations of paragraph 20 of the Third
24 Amended Complaint.

25 21. Microsoft repeats and reasserts its responses to paragraphs 1-6 and 8 of the
26 Third Amended Complaint, as if fully restated herein.

27 22. Microsoft admits that the Third Amended Complaint purports to state a
28 cause of action under 35 U.S.C. §§ 271 and 281. Microsoft denies that it has infringed or now

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1 infringes the patents asserted against Microsoft in the Third Amended Complaint. Microsoft
2 denies any and all remaining allegations of paragraph 22 of the Third Amended Complaint.

3 23. Microsoft denies any and all allegations of paragraph 23 of the Third
4 Amended Complaint.

5 24. Microsoft denies any and all allegations of paragraph 24 of the Third
6 Amended Complaint.

7 25. Microsoft denies any and all allegations of paragraph 25 of the Third
8 Amended Complaint.

9 26. Microsoft denies any and all allegations of paragraph 26 of the Third
10 Amended Complaint.

11 27. Microsoft denies any and all allegations of paragraph 27 of the Third
12 Amended Complaint.

13 28. Microsoft repeats and reasserts its responses to paragraphs 1-6 and 9 of the
14 Third Amended Complaint, as if fully restated herein.

15 29. Microsoft admits that the Third Amended Complaint purports to state a
16 cause of action under 35 U.S.C. §§ 271 and 281. Microsoft denies that it has infringed or now
17 infringes the patents asserted against Microsoft in the Third Amended Complaint. Microsoft
18 denies any and all remaining allegations of paragraph 29 of the Third Amended Complaint.

19 30. Microsoft denies any and all allegations of paragraph 30 of the Third
20 Amended Complaint.

21 31. Microsoft denies any and all allegations of paragraph 31 of the Third
22 Amended Complaint.

23 32. Microsoft denies any and all allegations of paragraph 32 of the Third
24 Amended Complaint.

25 33. Microsoft denies any and all allegations of paragraph 33 of the Third
26 Amended Complaint.

27 34. Microsoft denies any and all allegations of paragraph 34 of the Third
28 Amended Complaint.

DOCSSV1:160096.1

1 35. Microsoft repeats and reasserts its responses to paragraphs 1-6 and 10 of
2 the Third Amended Complaint, as if fully restated herein.

3 36. Microsoft admits that the Third Amended Complaint purports to state a
4 cause of action under 35 U.S.C. §§ 271 and 281. Microsoft denies that it has infringed or now
5 infringes the patents asserted against Microsoft in the Third Amended Complaint. Microsoft
6 denies any and all remaining allegations of paragraph 36 of the Third Amended Complaint.

7 37. Microsoft denies any and all allegations of paragraph 37 of the Third
8 Amended Complaint.

9 38. Microsoft denies any and all allegations of paragraph 38 of the Third
10 Amended Complaint.

11 39. Microsoft denies any and all allegations of paragraph 39 of the Third
12 Amended Complaint.

13 40. Microsoft denies any and all allegations of paragraph 40 of the Third
14 Amended Complaint.

15 41. Microsoft denies any and all allegations of paragraph 41 of the Third
16 Amended Complaint.

17 42. Microsoft repeats and reasserts its responses to paragraphs 1-6 and 11 of
18 the Third Amended Complaint, as if fully restated herein.

19 43. Microsoft admits that the Third Amended Complaint purports to state a
20 cause of action under 35 U.S.C. §§ 271 and 281. Microsoft denies that it has infringed or now
21 infringes the patents asserted against Microsoft in the Third Amended Complaint. Microsoft
22 denies any and all remaining allegations of paragraph 43 of the Third Amended Complaint.

23 44. Microsoft denies any and all allegations of paragraph 44 of the Third
24 Amended Complaint.

25 45. Microsoft denies any and all allegations of paragraph 45 of the Third
26 Amended Complaint.

27 46. Microsoft denies any and all allegations of paragraph 46 of the Third
28 Amended Complaint.

DOCSSV1:160096.1

1 47. Microsoft denies any and all allegations of paragraph 47 of the Third
2 Amended Complaint.
3 48. Microsoft denies any and all allegations of paragraph 48 of the Third
4 Amended Complaint.
5 49. Microsoft repeats and reasserts its responses to paragraphs 1-6 and 12 of
6 the Third Amended Complaint, as if fully restated herein.
7 50. Microsoft admits that the Third Amended Complaint purports to state a
8 cause of action under 35 U.S.C. §§ 271 and 281. Microsoft denies that it has infringed or now
9 infringes the patents asserted against Microsoft in the Third Amended Complaint. Microsoft
10 denies any and all remaining allegations of paragraph 50 of the Third Amended Complaint.
11 51. Microsoft denies any and all allegations of paragraph 51 of the Third
12 Amended Complaint.
13 52. Microsoft denies any and all allegations of paragraph 52 of the Third
14 Amended Complaint.
15 53. Microsoft denies any and all allegations of paragraph 53 of the Third
16 Amended Complaint.
17 54. Microsoft denies any and all allegations of paragraph 54 of the Third
18 Amended Complaint.
19 55. Microsoft denies any and all allegations of paragraph 55 of the Third
20 Amended Complaint.
21 56. Microsoft repeats and reasserts its responses to paragraphs 1-6 and 13 of
22 the Third Amended Complaint, as if fully restated herein.
23 57. Microsoft admits that the Third Amended Complaint purports to state a
24 cause of action under 35 U.S.C. §§ 271 and 281. Microsoft denies that it has infringed or now
25 infringes the patents asserted against Microsoft in the Third Amended Complaint. Microsoft
26 denies any and all remaining allegations of paragraph 57 of the Third Amended Complaint.
27 58. Microsoft denies any and all allegations of paragraph 58 of the Third
28 Amended Complaint.

1 59. Microsoft denies any and all allegations of paragraph 59 of the Third
2 Amended Complaint.

3 60. Microsoft denies any and all allegations of paragraph 60 of the Third
4 Amended Complaint.

5 61. Microsoft denies any and all allegations of paragraph 61 of the Third
6 Amended Complaint.

7 62. Microsoft denies any and all allegations of paragraph 62 of the Third
8 Amended Complaint.

9 **AFFIRMATIVE AND OTHER DEFENSES**

10 Further answering the Third Amended Complaint, Microsoft asserts the following
11 defenses. Microsoft reserves the right to amend its answer with additional defenses as further
12 information is obtained.

13 **First Defense: Noninfringement of the Asserted Patents**

14 63. Microsoft has not infringed, contributed to the infringement of, or induced
15 the infringement of U.S. Patent No. 6,185,683 B1 ("the '683 Patent"), U.S. Patent No. 6,253,193
16 B1 ("the '193 Patent"), U.S. Patent No. 5,940,504 ("the '504 Patent"), U.S. Patent No. 5,920,861
17 ("the '861 Patent"), U.S. Patent No. 5,892,900 ("the '900 Patent"), U.S. Patent No. 5,982,891
18 ("the '891 Patent"), or U.S. Patent No. 5,917,912 ("the '912 Patent"), and is not liable for
19 infringement thereof.

20 64. Any and all Microsoft products or methods that are accused of
21 infringement have substantial uses that do not infringe and therefore cannot induce or contribute
22 to the infringement of the '683 Patent, the '193 Patent, the '504 Patent, the '861 Patent, the '900
23 Patent, the '891 Patent, or the '912 Patent.

24 **Second Defense: Invalidity of the Asserted Patents**

25 65. On information and belief, the '683 Patent, the '193 Patent, the '504 Patent
26 the '861 Patent, the '900 Patent, the '891 Patent, and the '912 Patent are invalid for failing to
27 comply with the provisions of the Patent Laws, Title 35 U.S.C., including without limitation one
28 or more of 35 U.S.C. §§ 102, 103 and 112.

DOCSSV1:160096.1

1 **Third Defense: Unavailability of Relief**

2 66. On information and belief, Plaintiff has failed to plead and meet the
3 requirements of 35 U.S.C. § 271(b) and (c) and is not entitled to any alleged damages prior to
4 providing any actual notice to Microsoft of the '683 Patent, the '193 Patent, the '504 Patent, the
5 '861 Patent, the '900 Patent, the '891 Patent, or the '912 Patent.

6 **Fourth Defense: Unavailability of Relief**

7 67. On information and belief, Plaintiff has failed to plead and meet the
8 requirements of 35 U.S.C. § 284 for enhanced damages and is not entitled to any damages prior to
9 providing any actual notice to Microsoft of the '683 Patent, the '193 Patent, the '504 Patent, the
10 '861 Patent, the '900 Patent, the '891 Patent, and/or the '912 Patent and any alleged infringement
11 thereof.

12 **Fifth Defense: Unavailability of Relief**

13 68. On information and belief, Plaintiff has failed to plead and meet the
14 requirements of 35 U.S.C. § 287, and has otherwise failed to show that it is entitled to any
15 damages.

16 **Sixth Defense: Prosecution History Estoppel**

17 69. Plaintiff's alleged causes of action for patent infringement are barred under
18 the doctrine of prosecution history estoppel, and Plaintiff is estopped from claiming that the '683
19 Patent, the '193 Patent, the '504 Patent, the '861 Patent, the '900 Patent, the '891 Patent, and/or
20 the '912 Patent covers or includes any accused Microsoft product or method.

21 **Seventh Defense: Dedication to the Public**

22 70. Plaintiff has dedicated to the public all methods, apparatus, and products
23 disclosed in the '683 Patent, the '193 Patent, the '504 Patent, the '861 Patent, the '900 Patent, the
24 '891 Patent, and/or the '912 Patent, but not literally claimed therein, and is estopped from
25 claiming infringement by any such public domain methods, apparatus, and products.

26 **Eighth Defense: Use/Manufacture By/For United States Government**

27 71. To the extent that any accused product has been used or manufactured by
28 or for the United States, Plaintiff's claims and demands for relief are barred by 28 U.S.C. § 1498.

DOCSSV1:160096.1

1 **Ninth Defense: License**

2 72. To the extent that any of Plaintiff's allegations of infringement are
3 premised on the alleged use, sale, offer for sale, license or offer of license of products that were
4 manufactured by or for a licensee of InterTrust and/or provided by or to Microsoft by or to a
5 licensee of InterTrust, such allegations are barred pursuant to license.

6 **Tenth Defense: Acquiescence**

7 73. Plaintiff has acquiesced in at least a substantial part of the Microsoft
8 conduct alleged to infringe.

9 **Eleventh Defense: Laches**

10 74. Plaintiff's claims for relief are barred, in whole or in part, by the equitable
11 doctrine of laches.

12 **Twelfth Defense: Inequitable Conduct**

13 75. The '861 Patent claims are unenforceable due to inequitable conduct,
14 including those acts and failures to act set forth in Microsoft's Counterclaim for Declaratory
15 Judgment of Unenforceability of the '861 Patent, set forth below.

16 **Thirteenth Defense: Inequitable Conduct**

17 76. The '900 Patent claims are unenforceable due to inequitable conduct,
18 including those acts and failures to act set forth in Microsoft's Counterclaim for Declaratory
19 Judgment of Unenforceability of the '900 Patent, set forth below.

20 **Fourteenth Defense: Unenforceability**

21 77. The claims of the '891 Patent, the '912 Patent, the '861 Patent, the '683
22 Patent, the '193 Patent and the '900 Patent are unenforceable due to unclean hands, inequitable
23 conduct and misuse and illegal extension of the patent right, including those acts and failures to
24 act set forth in Count XI of Microsoft's Counterclaims, set forth below:

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COUNTERCLAIMS

**COUNT I - DECLARATORY
JUDGMENT OF NONINFRINGEMENT**

78. This action arises under the patent laws of the United States, Title 35 U.S.C. §§ 1, et seq. This Court has subject matter jurisdiction over this counterclaim under 28 U.S.C. §§ 1338, 2201, and 2202.

79. Microsoft Corporation ("Microsoft") is a Washington corporation with its principal place of business in Redmond, Washington.

80. On information and belief, Plaintiff /Counterclaim Defendant InterTrust Technologies Corporation ("InterTrust") is a Delaware corporation with its principal place of business in Santa Clara, California.

81. InterTrust purports to be the owner of U.S. Patent Nos. 6,185,683 B1 ("the '683 Patent"), 6,253,193 B1 ("the '193 Patent"), 5,940,504 ("the '504 Patent"), 5,920,861 ("the '861 Patent"), U.S. Patent No. 5,892,900 ("the '900 Patent"), U.S. Patent No. 5,982,891 ("the '891 Patent"), and U.S. Patent No. 5,917,912 ("the '912 Patent").

82. InterTrust alleges that Microsoft has infringed the '683 Patent, the '193 Patent, the '504 Patent, the '861 Patent, the '900 Patent, the '891 Patent, and the '912 Patent.

83. No Microsoft product has infringed, either directly or indirectly, any claim of the '683 Patent, the '193 Patent, the '504 Patent, the '861 Patent, the '900 Patent, the '891 Patent, or the '912 Patent, and Microsoft is not liable for infringement thereof.

84. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to the infringement or noninfringement of the '683 Patent, the '193 Patent, the '504 Patent, the '861 Patent, the '900 Patent, the '891 Patent, and/or the '912 Patent.

**COUNT II - DECLARATORY
JUDGMENT OF INVALIDITY OF THE '683 PATENT**

85. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims, as if fully restated herein.

1 86. The '683 Patent, and each claim thereof, is invalid for failing to comply
2 with the provisions of the Patent Laws, including one or more of 35 U.S.C. §§ 102, 103 and 112.

3 87. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202,
4 exists between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to
5 whether the claims of the '683 Patent are valid or invalid.

6 **COUNT III - DECLARATORY**
7 **JUDGMENT OF INVALIDITY OF THE '193 PATENT**

8 88. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims as if
9 fully restated herein.

10 89. The '193 Patent, and each claim thereof, is invalid for failing to comply
11 with the provisions of the Patent Laws, including one or more of 35 U.S.C. §§ 102, 103 and 112.

12 90. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202,
13 exists between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to
14 whether the claims of the '193 Patent are valid or invalid.

15 **COUNT IV - DECLARATORY**
16 **JUDGMENT OF INVALIDITY OF THE '504 PATENT**

17 91. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims as if
18 fully restated herein.

19 92. The '504 Patent, and each claim thereof, is invalid for failing to comply
20 with the provisions of the Patent Laws, including one or more of 35 U.S.C. §§ 102, 103 and 112.

21 93. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202,
22 exists between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to
23 whether the claims of the '504 Patent are valid or invalid.

24 **COUNT V - DECLARATORY**
25 **JUDGMENT OF INVALIDITY OF THE '861 PATENT**

26 94. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims as if
27 fully restated herein.

1 95. The '861 Patent, and each claim thereof, is invalid for failing to comply
2 with the provisions of the Patent Laws, including one or more of 35 U.S.C. §§ 102, 103 and 112.

3 96. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202,
4 exists between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to
5 whether the claims of the '861 Patent are valid or invalid.

6 **COUNT VI - DECLARATORY**
7 **JUDGMENT OF INVALIDITY OF THE '900 PATENT**

8 97. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims as if
9 fully restated herein.

10 98. The '900 Patent, and each claim thereof, is invalid for failing to comply
11 with the provisions of the Patent Laws, including one or more of 35 U.S.C. §§ 102, 103, and 112.

12 99. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202,
13 exists between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to
14 whether the claims of the '900 Patent are valid or invalid.

15 **COUNT VII - DECLARATORY**
16 **JUDGMENT OF INVALIDITY OF THE '891 PATENT**

17 100. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims as if
18 fully restated herein.

19 101. The '891 Patent, and each claim thereof, is invalid for failing to comply
20 with the provisions of the Patent Laws, including one or more of 35 U.S.C. §§ 102, 103, and 112.

21 102. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202,
22 exists between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to
23 whether the claims of the '891 Patent are valid or invalid.

24 **COUNT VIII - DECLARATORY**
25 **JUDGMENT OF INVALIDITY OF THE '912 PATENT**

26 103. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims as if
27 fully restated herein.

28 104. The '912 Patent, and each claim thereof, is invalid for failing to comply
with the provisions of the Patent Laws, including one or more of 35 U.S.C. §§ 102, 103, and 112.

105. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to whether the claims of the '912 Patent are valid or invalid.

**COUNT IX - DECLARATORY JUDGMENT
OF UNENFORCEABILITY OF THE '861 PATENT**

106. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims, as if fully restated herein.

107. Claims 1-129 of the '861 Patent application (SN 08/805,804), and claims 1-101 of the '861 Patent, were not and are not entitled to the benefit of any application filing date prior to February 25, 1997, under 35 U.S.C. § 120 or otherwise.

108. "Exhibit A" refers to the document attached as Exhibit A to Microsoft's counterclaims filed in response to InterTrust's Second Amended Complaint (namely, a reprint of an article entitled "DigiBox: A Self-Protecting Container for Information Commerce").

109. On information and belief, the content of pages 2-14 of Exhibit A was presented at a public conference in the United States in July 1995.

110. "Exhibit B" refers to the document attached as Exhibit B to Microsoft's counterclaims filed in response to InterTrust's Second Amended Complaint (namely, a copy of a page from an International Application published under the Patent Cooperation Treaty (PCT), bearing International Publication Number WO 96/27155).

111. On information and belief, International Application WO 96/27155 has, at all times since its filing date, been owned and controlled by InterTrust or its predecessors in interest.

112. International Application WO 96/27155 (hereafter "the WO 96/27155 (PCT) publication") was published on September 6, 1996.

113. United States Patent No. 5,910,987 ("the '987 Patent") issued on June 8, 1999, from a continuation of an application filed on February 13, 1995.

114. The Sibert article is prior art to claims 1-129 of the '861 Patent application (SN 08/805,804).

1 115. The Sibert article is prior art to claims 1-101 of the '861 Patent under 35
2 U.S.C. § 102(b).
3 116. The WO 96/27155 (PCT) publication is prior art to claims 1-129 of the
4 '861 Patent application (SN 08/805,804).
5 117. The WO 96/27155 (PCT) publication is prior art to claims 1-101 of the
6 '861 Patent under 35 U.S.C. § 102(a).
7 118. The '987 Patent is prior art to claims 29-129 of the '861 Patent application
8 (SN 08/805,804).
9 119. The '987 Patent is prior art to claims 1-101 of the '861 Patent, under 35
10 U.S.C. § 102(e).
11 120. The Sibert article was material to the patentability of claim 1 of the '861
12 Patent application (SN 08/805,804).
13 121. The Sibert article was material to the patentability of claims 2-129 of the
14 '861 Patent application (SN 08/805,804).
15 122. The WO 96/27155 (PCT) publication was material to the patentability of
16 claim 1 of the '861 Patent application (SN 08/805,804).
17 123. The WO 96/27155 (PCT) publication was material to the patentability of
18 claims 2-129 of the '861 Patent application (SN 08/805,804).
19 124. The '987 Patent was material to the patentability of claims 29-129 of the
20 '861 Patent application (SN 08/805,804).
21 125. One or more of the '861 Patent applicants knew, while the '861 Patent
22 application (SN 08/805,804) was pending, of the July 1995 publication of the Sibert article.
23 126. On information and belief, one or more of the '861 Patent applicants knew,
24 while the '861 Patent application (SN 08/805,804) was pending, of the September 1996
25 publication of the WO 96/27155 (PCT) publication.
26 127. On information and belief, one or more of the '861 Patent applicants knew,
27 while the '861 Patent application (SN 08/805,804) was pending, of the June 8, 1999 issuance of
28 the '987 Patent.

DOCSSV1:160096.1

1 128. On information and belief, one or more of the attorneys who prosecuted or
2 assisted in prosecuting the '861 Patent application (SN 08/805,804) knew, while that application
3 was pending, of the July 1995 publication of the Sibert article.

4 129. One or more of the attorneys who prosecuted or assisted in prosecuting the
5 '861 Patent application (SN 08/805,804) knew, while that application was pending, of the
6 September 1996 publication of the WO 96/27155 (PCT) publication.

7 130. One or more of the attorneys who prosecuted or assisted in prosecuting the
8 '861 Patent application (SN 08/805,804) knew, while that application was pending, of the June 8,
9 1999 issuance of the '987 Patent.

10 131. The applicants for the '861 Patent did not cite the Sibert article to the
11 Patent Office as prior art to any of claims 1-129 of the '861 Patent application (SN 08/805,804).

12 132. The applicants for the '861 Patent did not cite the WO 96/27155 (PCT)
13 publication to the Patent Office as prior art to any of claims 1-129 of the '861 Patent application
14 (SN 08/805,804).

15 133. The applicants for the '861 Patent did not cite the '987 Patent to the Patent
16 Office as prior art to any of claims 1-129 of the '861 Patent application (SN 08/805,804).

17 134. The applicants for the '861 Patent did not cite to the Patent Office as prior
18 art to any of claims 1-129 of the '861 Patent application (SN 08/805,804) any reference having
19 the same or substantially the same disclosure as the Sibert article.

20 135. The applicants for the '861 Patent did not cite to the Patent Office as prior
21 art to any of claims 1-129 of the '861 Patent application (SN 08/805,804) any reference having
22 the same or substantially the same disclosure as the WO 96/27155 (PCT) publication.

23 136. The applicants for the '861 Patent did not cite to the Patent Office as prior
24 art to any of claims 1-129 of the '861 Patent application (SN 08/805,804) any reference having
25 the same or substantially the same disclosure as the '987 Patent.

26 137. The Sibert article is not merely cumulative over any reference cited as prior
27 art during the prosecution of the '861 Patent application (SN 08/805,804).

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1 138. The WO 96/27155 (PCT) publication is not merely cumulative over any
2 reference cited as prior art during the prosecution of the '861 Patent application (SN 08/805,804).

3 139. The '987 Patent is not merely cumulative over any reference cited as prior
4 art during the prosecution of the '861 Patent application (SN 08/805,804).

5 140. On information and belief, one or more of the '861 Patent applicants
6 believed, during pendency of claim 1 of the '861 Patent application (SN 08/805,804), that the
7 Sibert article disclosed an embodiment of claim 1 of the '861 Patent application (SN 08/805,804).

8 141. InterTrust contends that none of the '861 Patent applicants believed, during
9 pendency of claim 1 of the '861 Patent application (SN 08/805,804), that the Sibert article
10 discloses an embodiment of claim 1 of the '861 Patent application (SN 08/805,804).

11 142. On information and belief, one or more of the '861 Patent applicants
12 believed, during pendency of claim 1 of the '861 Patent application (SN 08/805,804), that the
13 WO 96/27155 (PCT) publication disclosed an embodiment of claim 1 of the '861 Patent
14 application (SN 08/805,804).

15 143. InterTrust contends that none of the '861 Patent applicants believed, during
16 pendency of claim 1 of the '861 Patent application (SN 08/805,804), that the WO 96/27155
17 (PCT) publication discloses an embodiment of claim 1 of the '861 Patent application (SN
18 08/805,804).

19 144. On information and belief, one or more of the '861 Patent applicants
20 believed, while the '861 Patent application (SN 08/805,804) was pending, that the Sibert article
21 was material to the patentability of claims 1-129 of the '861 Patent application (SN 08/805,804),
22 but, with deceptive intent, failed to disclose that reference as prior art to the Patent Office.

23 145. On information and belief, one or more of the '861 Patent applicants
24 believed, while the '861 Patent application (SN 08/805,804) was pending, that the WO 96/27155
25 (PCT) publication was material to the patentability of claims 1-129 of the '861 Patent application
26 (SN 08/805,804), but, with deceptive intent, failed to disclose that reference as prior art to the
27 Patent Office.

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1 146. On information and belief, one or more of the '861 Patent applicants
2 believed, while the '861 Patent application (SN 08/805,804) was pending, that the '987 Patent
3 was material to the patentability of claims 29-129 of the '861 Patent application (SN 08/805,804),
4 but, with deceptive intent, failed to disclose that reference as prior art to the Patent Office.

5 147. The '861 Patent is unenforceable due to the inequitable conduct of the '861
6 Patent applicants and/or agents before the Patent and Trademark Office in connection with the
7 '861 Patent application (SN 08/805,804).

8 148. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202,
9 exists between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to
10 whether the claims of the '861 Patent are enforceable.

11 **COUNT X - DECLARATORY JUDGMENT**
12 **OF UNENFORCEABILITY OF THE '900 PATENT**

13 149. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims, as if
14 fully restated herein.

15 150. The application and issued claims of the '900 Patent were not and are not
16 entitled to the benefit of any application filing date prior to August 30, 1996, under 35 U.S.C. §
17 120 or otherwise.

18 151. Microsoft repeats and realleges paragraphs 31-32 of its Counterclaims, as if
19 fully restated herein.

20 152. The Sibert article is prior art to the application and issued claims of the
21 '900 Patent under 35 U.S.C. § 102(b).

22 153. The Sibert article was material to the patentability of application and issued
23 claims of the '900 Patent, including, for example, issued claims 86 and 182.

24 154. One or more of the '900 Patent applicants knew of the July 1995
25 publication of the Sibert article while the '900 Patent application (SN 08/706,206) was pending.

26 155. On information and belief, one or more of the attorneys who prosecuted or
27 assisted in the prosecution of the '900 Patent application (SN 08/706,206) knew of the July 1995
28 publication of the Sibert article while the '900 Patent application was pending.

1 156. The applicants for the '900 Patent did not cite the Sibert article to the
2 Patent Office as prior art to any claims of the '900 Patent application (SN 08/706,206).

3 157. The applicants for the '900 Patent did not cite to the Patent Office as prior
4 art to any claims of the '900 Patent application (SN 08/706,206) any reference having the same or
5 substantially the same disclosure as the Sibert article.

6 158. The Sibert article is not merely cumulative over any reference cited as prior
7 art during the prosecution of the '900 Patent application (SN 08/706,206).

8 159. On information and belief, one or more of the '900 Patent applicants
9 believed, during pendency of claim 1 of the '900 Patent application (SN 08/706,206), that the
10 Sibert article disclosed an embodiment of claim 1 of the '900 Patent application (SN 08/706,206).

11 160. On information and belief, one or more of the '900 Patent applicants
12 believed, while the '900 Patent application (SN 08/706,206) was pending, that the Sibert article
13 was material to the patentability of various claims of the '900 Patent application (SN 08/706,206),
14 but, with deceptive intent, failed to disclose that reference as prior art to the Patent Office.

15 161. The '900 Patent is unenforceable due to the inequitable conduct of the '900
16 Patent applicants before the Patent and Trademark Office in connection with the '900 Patent
17 application (SN 08/706,206).

18 162. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202,
19 exists between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to
20 whether the claims of the '900 Patent are enforceable.

21 **COUNT XI - DECLARATORY JUDGMENT OF UNENFORCEABILITY**

22 163. Microsoft repeats and realleges paragraphs 1-5 and 30-85 of its
23 Counterclaims, as if fully restated herein.

24 164. The '891 Patent, the '912 Patent, the '683 Patent, the '193 Patent, the '861
25 Patent, and the '900 Patent are referred to as the Count XI Patents.

26 165. In prosecuting, marketing, and enforcing the Count XI Patents, InterTrust
27 has engaged in a pattern of obfuscation as to the scope of the patents, the prior art to the patents,
28 and the alleged "inventions" of the patents. For example, InterTrust has accused non-infringing

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MICROSOFT CORPORATION'S AMENDED ANSWER AND
COUNTERCLAIMS TO INTERTRUST'S THIRD AMENDED
COMPLAINT: CASE No. C 01-1640 SBA

1 products of infringement, has buried Patent Office Examiners with a collection of more than 400
2 references, many of which were not related to the particular claims in issue, and has buried the
3 Examiners with hundreds or thousands of pages of redundant, verbose, unclear text, effectively
4 prohibiting a real comparison of the alleged "invention" versus the prior art. This pattern of
5 intentional conduct constitutes an abuse of the patent system, unclear hands, misuse and illegal
6 extension of the patent right, rendering the Count XI patents unenforceable, as well as invalid
7 under Section 112.

8 166. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202,
9 exists between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to
10 whether the claims of the '891 Patent, the '912 Patent, the '683 Patent, the '193 Patent, the '861
11 Patent, and the '900 Patent are enforceable.

12 **COUNT XII - INFRINGEMENT**
13 **OF U.S. PATENT NO. 6,049,671**

14 167. Microsoft repeats and realleges paragraphs 2-3 of its Counterclaims, as if
15 fully restated herein.

16 168. This Court has exclusive subject matter jurisdiction over Microsoft's cause
17 of action for patent infringement under Title 28, United States Code, Sections 1331 and 1338, and
18 under the patent laws of the United States, Title 35 of the United States Code.

19 169. U.S. Patent No. 6,049,671 ("the '671 Patent") issued to Microsoft
20 Corporation as the assignee of Benjamin W. Slivka and Jeffrey S. Webber on April 11, 2000.

21 170. A true copy of the '671 Patent is attached as Exhibit C to Microsoft's
22 counterclaims filed in response to InterTrust's Second Amended Complaint, and is incorporated
23 herein by reference.

24 171. Microsoft owns all right, title and interest in the '671 Patent.

25 172. InterTrust has had actual notice of the '671 Patent.

26 173. InterTrust has infringed one or more claims of the '671 Patent, in violation
27 of at least 35 U.S.C. § 271(a, b, c).

1 174. InterTrust's infringement of the '671 Patent has caused and will continue to
2 cause Microsoft damage, including irreparable harm for which it has no adequate remedy at law.

3 COUNT XIII - INFRINGEMENT
4 OF U.S. PATENT NO. 6,256,668

5 175. Microsoft repeats and realleges paragraphs 2-3 and 91 of its Counterclaims,
6 as if fully restated herein.

7 176. U.S. Patent No. 6,256,668 B1 ("the '668 Patent") issued to Microsoft
8 Corporation as the assignee of Benjamin W. Slivka and Jeffrey S. Webber on July 3, 2001.

9 177. A true copy of the '668 Patent is attached as Exhibit D to Microsoft's
10 counterclaims filed in response to InterTrust's Second Amended Complaint, and is incorporated
11 herein by reference.

12 178. Microsoft owns all right, title and interest in the '668 Patent.

13 179. InterTrust has had actual notice of the '668 Patent.

14 180. InterTrust has infringed one or more claims of the '668 Patent, in violation
15 of at least 35 U.S.C. § 271(a, b, c).

16 181. InterTrust's infringement of the '668 Patent has caused and will continue to
17 cause Microsoft damage, including irreparable harm for which it has no adequate remedy at law.

18 PRAYER FOR RELIEF

19 WHEREFORE, Microsoft prays for the following relief:

20 A. The Court enter judgment against InterTrust, and dismiss with prejudice,
21 any and all claims of the Third Amended Complaint;

22 B. The Court enter judgment declaring that Microsoft has not infringed,
23 contributed to infringement of, or induced infringement of the '683 Patent;

24 C. The Court enter judgment declaring that Microsoft has not infringed,
25 contributed to infringement of, or induced infringement of the '193 Patent;

26 D. The Court enter judgment declaring that Microsoft has not infringed,
27 contributed to infringement of, or induced infringement of the '504 Patent;

28 E. The Court enter judgment declaring that Microsoft has not infringed,

1 contributed to infringement of, or induced infringement of the '861 Patent;

2 F. The Court enter judgment declaring that Microsoft has not infringed,
3 contributed to infringement of, or induced infringement of the '900 Patent;

4 G. The Court enter judgment declaring that Microsoft has not infringed,
5 contributed to infringement of, or induced infringement of the '891 Patent;

6 H. The Court enter judgment declaring that Microsoft has not infringed,
7 contributed to infringement of, or induced infringement of the '912 Patent;

8 I. The Court enter judgment declaring that the '683 Patent is invalid;

9 ~~J. The Court enter judgment declaring that the '193 Patent is invalid;~~

10 K. The Court enter judgment declaring that the '504 Patent is invalid;

11 L. The Court enter judgment declaring that the '861 Patent is invalid;

12 M. The Court enter judgment declaring that the '900 Patent is invalid;

13 N. The Court enter judgment declaring that the '891 Patent is invalid;

14 O. The Court enter judgment declaring that the '912 Patent is invalid;

15 P. The Court enter judgment declaring that the '861 Patent is unenforceable
16 due to inequitable conduct;

17 Q. The Court enter judgment declaring that the '900 Patent is unenforceable
18 due to inequitable conduct;

19 R. The Court enter judgment declaring that each of the '891 Patent, the '912
20 Patent, the '683 Patent, the '193 Patent, the '861 Patent and the '900 Patent is unenforceable due
21 to an abuse of the patent system, unclean hands, and misuse and illegal extension of the patent
22 right;

23 S. The Court enter judgment that InterTrust has infringed the '671 Patent;

24 T. The Court enter judgment that InterTrust has infringed the '668 Patent;

25 U. The Court enter a permanent injunction prohibiting InterTrust, its officers,
26 agents, servants, employees, and all persons in active concert or participation with any of them
27 from infringing the '671 and '668 Patents;

28 ///

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1 V. The Court award damages and attorney fees against InterTrust pursuant to
2 the provisions of 35 U.S.C §§ 284 and 285.

3 W. The Court award to Microsoft pre-judgment interest and the costs of this
4 action.

5 X. The Court award to Microsoft its reasonable costs and attorneys' fees; and


6 Y. The Court grant to Microsoft such other and further relief as may be
7 deemed just and appropriate.

8 **JURY DEMAND**

9 Pursuant to Fed.R. Civ.P. 38(b), Defendant Microsoft Corporation demands a
10 trial by jury.

11 DATED: November 14, 2001

12 By


13 WILLIAM L. ANTHONY
14 ERIC L. WESENBERG
15 MARK R. WEINSTEIN
16 ORRICK HERRINGTON & SUTCLIFFE, LLP
17 1000 Marsh Road
18 Menlo Park, CA 94025
19 Telephone: 650-614-7400

20 STEVEN ALEXANDER
21 KRISTIN L. CLEVELAND
22 JAMES E. GERINGER
23 JOHN D. VANDENBERG
24 KLARQUIST SPARKMAN, LLP
25 One World Trade Center, Suite 1600
26 121 S.W. Salmon Street
27 Portland, OR 97204
28 Telephone: (503) 226-7391

Attorneys for Defendant
Microsoft Corporation

Of Counsel:

23 T. ANDREW CULBERT, Esq.
24 One Microsoft Way
25 Building 8
26 Redmond, WA 98052-6399
27 Phone: 425-882-8080

1 **DECLARATION OF SERVICE VIA ELECTRONIC MAIL AND U.S. MAIL**

2 I am more than eighteen years old and not a party to this action. My place of
3 employment and business address is 1000 Marsh Road, Menlo Park, California 94025.

4 On November 14, 2001, I served:

5 **MICROSOFT CORPORATION'S AMENDED ANSWER AND COUNTERCLAIMS TO**
6 **INTERTRUST'S THIRD AMENDED COMPLAINT**

7 By transmitting a copy of the above-listed document(s) in PDF form via electronic mail Michael
8 H. Page at mhp@kvn.com, Christopher P. Isaac at chris.isaac@finnegan.com, Stephen E.
9 Taylor at staylor@tcolaw.com and James E. Geringer at james.geringer@klarquist.com and
10 also by placing true and correct copies of the above documents in an envelope addressed to:

11 John W. Kecker, Esq.
12 Michael H. Page, Esq.
13 KEKER & VAN NEST, LLP
14 710 Sansome Street
15 San Francisco, California 94111
16 Tel. No. 415-391-5400
17 Fax No. 415-397-7188
18 Email: jwk@kvn.com
19 Email: mhp@kvn.com
20 Attorneys for Plaintiff
21 INTERTRUST TECHNOLOGIES
22 CORPORATION

23 Stephen E. Taylor, Esq.
24 TAYLOR & CO. LAW OFFICES
25 1050 Marina Village Parkway, Suite 101
26 Alameda, CA 94501
27 Tel. No. 510-865-9401
28 Fax No. 510-865-9408
Email: staylor@tcolaw.com
Attorneys for Plaintiff
INTERTRUST TECHNOLOGIES
CORPORATION

Christopher P. Isaac, Esq.
FINNEGAN, HENDERSON, FARABOW,
GARRETT & DUNNER LLP
1300 I. Street, N.W.
Washington, DC 20005-3314
Tel. No. 202-408-4000
Fax No. 202-408-4400
Email: chris.isaac@finnegan.com
Attorneys for Plaintiff
INTERTRUST TECHNOLOGIES
CORPORATION

John D. Vandenberg, Esq.
James E. Geringer, Esq.
KLARQUIST, SPARKMAN, CAMPBELL,
LEIGH & WHINSTON LLP
One World Trade Center
121 S. W. Salmon Street, Suite 1600
Portland, Oregon 97204
Tel. No: 503-226-7391
Fax No: 503-228-9446
Email: john.vandenberg@klarquist.com
Email: james.geringer@klarquist.com
Attorneys for Defendant and
Counterclaimant, MICROSOFT
CORPORATION

1 and sealing the envelope, affixing adequate first-class postage and depositing it in the U.S. mail
2 at Menlo Park, California.

3 Executed on November 14, 2001 at Menlo Park, California.

4 I declare under penalty of perjury that the foregoing is true and correct.

5

6

(SIGNATURE)

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8

(PRINT NAME)

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